

NCA
VOC FOR IOP/FN
BACKGROUNDER NO. 1-0742
FRANK M. FEINBERG

MAY 7, 1976

AUTO SALES IN U.S. KEEP GAINING

ANNCR:

AUTOMOBILE SALES IN THE UNITED STATES THIS YEAR ARE LIKELY TO BE THE SECOND HIGHEST EVER, ACCORDING TO INDUSTRY LEADERS.

VOA BUSINESS EDITOR FRANK FEINBERG REPORTS ON THE OUTLOOK:

VOICE:

AUTO EXECUTIVES EXPECT COMBINED SALES OF DOMESTIC PRODUCED AND IMPORTS TO TOP THIRTEEN-MILLION CARS AND TRUCKS. IN 1973 AMERICANS BOUGHT MORE THAN FOURTEEN-MILLION VEHICLES. GENERAL MOTORS PRESIDENT ELLIOTT ESTES AND OTHERS SAY THIS RECORD COULD BE EXCEEDED -- IN 1977 -- IF ECONOMIC RECOVERY CONTINUES, AND BARRING THE UNFORSEEN. HIS OPTIMISTIC FORECAST ASSUMES NO LONG WORK STOPPAGES IN AMERICA'S BASIC INDUSTRIES. BUT HE SAYS THE CURRENT STRIKE BY RUBBER WORKERS THREATENS THE SUPPLY OF TIRES. AND MISTER ESTES POINTS OUT THAT LABOR NEGOTIATIONS ARE UPCOMING IN THE AUTO INDUSTRY ITSELF.

AUTO SALES CONTINUED TO GAIN MOMENTUM IN APRIL. DOMESTIC AUTOMAKERS LAST MONTH SOLD SEVEN-HUNDRED-EIGHTY-EIGHT THOUSAND UNITS, FIFTY-ONE PER CENT AHEAD OF THE YEAR AGO PACE. AND PLANNED OUTPUT IN U.S. ASSEMBLY PLANTS THIS MONTH IS HIGHER THAN IN APRIL. THE FEELING IS THAT THE AUTO INDUSTRY IS HAVING A STRONG RESURGENCE.

IMPORTS ARE NOT DOING AS WELL IN SALES AS DOMESTIC AUTOS. FOREIGN CARS SALES LAST MONTH WERE AT ONE-HUNDRED-THIRTY THOUSAND, DOWN ELEVEN-THOUSAND FROM LAST YEAR. THE IMPORTS' SHARE OF THE U.S. AUTO MARKET TO DATE IS FOURTEEN PER CENT. A YEAR AGO IMPORTS HELD TWENTY-ONE PER CENT OF THE MARKET.

THE DECLINE IS DUE IN PART TO LESS BUYER INTEREST IN SUBCOMPACT CARS, WHERE THE FOREIGN MAKERS ARE MOST STRONGLY REPRESENTED. ALSO, BECAUSE OF INCREASED PRODUCTIVITY AND CURRENCY FLUCTUATIONS, SOME MODELS OF DOMESTIC CARS NOW ARE CHEAPER THAN THEIR IMPORTED COUNTERPARTS.

SOME FOREIGN AUTO BUILDERS WILL BE PRODUCING VEHICLES FOR AMERICAN BUYERS IN THE UNITED STATES -- TO SAVE ON TRANSPORTATION, IMPORT DUTIES AND OTHER COSTS. WEST GERMANY'S VOKSWAGEN ESTIMATES ITS POPULAR RABBIT MODEL WILL COST ONE-HUNDRED-FIFTY-SIX DOLLARS LESS TO PRODUCE IN ITS ANTICIPATED U.S. PLANT. MEANWHILE, SWEDEN'S VOLVO IS CONSTRUCTING AN ASSEMBLY PLANT IN THE STATE OF VIRGINIA. TOYOTA AND DATSUN OF JAPAN ARE ALSO CONSIDERING POSSIBLE FACILITIES ON THE U.S. WEST COAST.

JS/RCS